

Rhode Island Business Group on Health



Promoting a better
Healthcare delivery system
for all Rhode Islanders

PO Box 1523
Providence, RI 02901-1523
info@rihah.org

September 14, 2009

Christopher Koller
Rhode Island Health Insurance Commissioner
Office of the Health Insurance Commissioner
1511 Pontiac Avenue, Building 69-1
Cranston, RI 02920

RECEIVED

SEP 14 2009

Health Insurance
Commissioner

RE: Proposed Rate Factors Filed by Tufts Health Plan

Dear Commissioner Koller:

On behalf of the Rhode Island Business Group on Health (RIBGH), a coalition of over 75 small and large employers in Rhode Island, we are providing you with our perspective on the revised rate factors proposed by Tufts Health Plan to be used to calculate their health insurance premium rates for small and large groups effective January 2010.

While RIBGH members continue to have concerns with the economic impact of escalating health insurance premiums as many are struggling to survive and sustain their businesses in this economy, we are aware that there are only a minimum number of employer group accounts with Tufts Health Plan. We also acknowledge that the requested rate increase by Tufts of 8.5% is in line with medical cost inflation and does not provide additional revenue for reserves or profits/surplus. While the national trend in the growth in total health benefit costs, as reported by Mercer, Towers Perrin, and Hewitt, is 6.4%, RIBGH recognizes that as a new entrant into the RI health insurance market, Tufts is foregoing associated startup costs in order to re-file rate factors equivalent to an 8.5% premium increase effective in 2010 to provide a viable health insurance alternative to RI businesses.

Since our founding several years ago, RIBGH members have sought to understand, with assistance from many of our State's health system experts such as yourself, the real cost drivers behind the premium inflation we are all seeing. We have come to realize that by merely reviewing rate requests prospectively, the OHIC can have only a marginal effect on this cost trend. More meaningful improvement must involve systemic changes to the delivery system, which at present is designed to maximize reimbursement from payers. We would therefore encourage your office to work with the payers on developing innovative reimbursement schemes that could encourage development of more efficient models for delivering care. For example, payment schedules could emphasize rewarding providers for the quality of the services they provide and for improved medical management of high-cost patient cases rather than merely the quantity of procedures they perform. Reorganization or consolidation of what is now a fragmented provider system into more integrated networks or "centers of excellence" could achieve economies of scale and improved quality may emerge. We know that through the excellent work of your Health Insurance Advisory Council, meaningful progress toward re-balancing current reimbursement protocols is already underway in the area of primary care.

Another serious concern of the RIBGH membership is the practice of cost shifting by hospitals particularly of reimbursement shortfalls from public programs and other charity care onto the commercial payers and by extension their customers. Cost shifting from the uninsured, Medicare, and Medicaid to private payers is expected to account for nearly one in every four dollars spent by private payers on hospital services in 2009, according to Pricewaterhouse Coopers' Health Research Institute. We recognize that hospitals ultimately must be reimbursed for all services they provide, but this mechanism is simply inequitable. Allowing it to serve as a solution, even in the short term, only complicates the issue of how we should fund healthcare in a manner that is both fair to providers and the insured population.

We appreciate your consideration of these comments. We urge you to work with the health insurance carriers to minimize rate increases given the economy, and to push for changes in the reimbursement and payment policies with providers and their impact on the cost, content and quality of care. Continuing to pass on increased costs to employer groups through premium rate increases is no longer sustainable for businesses that are struggling to reduce costs in the face of decreasing revenue and a continuing recession.

Sincerely,

J. Michael Vittoria
President



Linda S. Lulli
Director and Chair of the Legislative Affairs and Public Policy Committee

From: "Jerry Meyer" <jerry@eastgreenwichchamber.com>
To: <healthinsinquiry@ohic.ri.gov>
Date: Mon, Sep 14, 2009 2:58 PM
Subject: Tufts Health Care rate increase

Earlier this year I testified in opposition to the proposed rate increases for Blue Cross Blue Shield and United Health Care. I must state opposition to the Tufts rate increase proposal as well. The reason I am opposing this increase on behalf of the small business community is simply that no increase is affordable. Health Care has spiraled out of control and is strangling small business. Rhode Island's economy is poor and our deficit is about to get worse, which inevitably means higher taxes. The only way to put on the brakes is to say no.

Jerry Meyer
Executive Director
East Greenwich Chamber of Commerce
580 Main Street
East Greenwich, RI 02818
401-885-0020

RECEIVED

SEP 14 2009

**Health Insurance
Commissioner**



State of Rhode Island and Providence Plantations

DEPARTMENT OF ATTORNEY GENERAL

150 South Main Street • Providence, RI 02903

(401) 274-4400

TDD (401) 453-0410

Patrick C. Lynch, Attorney General

September 15, 2009

RECEIVED

SEP 15 2009

Health Insurance
Commissioner

Mr. Christopher F. Koller
Health Insurance Commissioner
Department of Business Regulation
1511 Pontiac Avenue, Bldg. 69, 1st Flr.
Cranston, RI 02920

RE: Tufts Health Plan/Large and Small Group Filings Submitted August 28, 2009

Dear Commissioner Koller:

I am writing to express my significant concerns regarding the proposed rating factors filed by Tufts Health Plan ("Tufts") with your Office on August 28, 2009 for its large and small group businesses. First and foremost among my concerns is that no public hearing has been scheduled to fully consider the appropriateness of these proposed rates. Instead, your Office has scheduled only an opportunity for "public comment" regarding the rating factors Tufts filed to calculate the rates Rhode Island small and large groups would be forced to pay if Tufts's filings are approved.

Further, given the dearth of information filed by Tufts (one page, half of which reads "N/A"), there is insufficient information for anyone to provide any meaningful comments on Tufts's filings. Without an opportunity to fully review the appropriateness of these rating factors and the filings made by Tufts (including obtaining significantly more information than that provided by Tufts in its filings), the token "public comment" opportunity is without meaning. When the Attorney General, the public's advocate, is deprived of an opportunity to fully review proposed rate increases, the public is deprived of its opportunity to be protected as well.

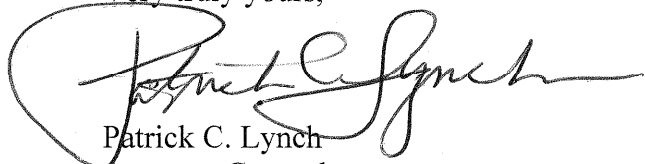
Without a full public hearing the Attorney General will not have an opportunity to obtain expert assistance to conduct a complete review of Tufts filings, including the rating factors upon which they are based. Although the Office of the Health Insurance Commissioner ("OHIC") indicates in its publications *"2009 Health Plan Rate Factor Review Template: Submissions for Small Group"* and *"2009 Health Plan Rate Factor Review Template: Submissions for Large Group,"* its estimates of premium increases, a review of these documents give a clear impression that much of the "analysis" reflects only the analysis performed by your Office.

Mr. Christopher F. Koller
September 15, 2009
Page 2

RE: Tufts Health Plan/Large and Small Group Filings Submitted August 28, 2009

In the interests of all Rhode Island residents, I urge that you not summarily grant these unsupported rate increases proposed by Tufts. Instead, I urge you to convene a public hearing to afford the public the transparency and full review they deserve.

Very truly yours,



Patrick C. Lynch
Attorney General